

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA

C O N F I D E N T I A L STATE 136132

E.O. 11652: GDS

TAGS: MASS, ID

SUBJECT: ESTIMATED GOI FMS CREDIT REQUIREMENTS

1. FOLLOWING FOR EMBASSY INFORMATION IS TABLE PROVIDED TO DEPT BY DSAA IN CONNECTION CONSIDERATION GOI NEEDS FOR FMS CREDITS. WOULD APPRECIATE KNOWING OF ANY DIFFERENCES FROM EMBASSY'S AND DLG'S CALCULATIONS. INCLUSION OF ITEM UNDER COLUMN "PROGRAM" DOES NOT, OF COURSE, INDICATE ACTUAL OR PROSPECTIVE APPROVAL, BUT ALL ITEMS WHICH GOI HAS BROACHED WITH US INCLUDED MERELY SO WE COULD HAVE FULL PICTURE OF DIFFERENT MIXES AND THEIR FINANCIAL IMPLICATIONS. IN SOME CASES, FIGURES DIFFER FROM YOUR CURRENT CALCULATIONS. FOR EXAMPLE, A-4 BASE COST CONSIDERABLY BELOW \$25 MILLION AS NAVY HAS CUT THE PRICE OF "MAJOR DEFENSE EQUIPMENT" COMPONENT. RECONDITIONING AND SPARES ARE ADD-ON. M-16 COST, HOWEVER, APPEARS HIGHER. AVAILABILITY FIGURES ALSO DIFFER -- POSSIBLY FROM LAGS IN PAYMENT PROCESSING.

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2. INDONESIA - ESTIMATED FMS CREDIT REQUIREMENTS, FY 1978-1982 (MILLION DOLLARS)

PROGRAM FY 78 FY 79 FY 80 FY 81 FY 82

8 F-5E AND 4 F-5F 5.8 49.7 20.1 1.1 0.4

AIRCRAFT

PROGRAM	FY 78	FY 79	FY 80	FY 81	FY 82
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4 F-5E AIRCRAFT	2.2	14.1	5.3	0.4	0.1
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28 A-4C AIRCRAFT	12.9 (NOTE)				
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NOTE: MAJOR DEFENSE EQUIPMENT COMPONENT REPRESENTS APPROX 25 PERCENT THIS FIGURE. REMAINDER MADE UP OF AVAILABLE SPARES, TRAINING EQUIPMENT, ETC.

OVERHAUL OF 24 A-4CS	7.9	12.9			
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M-16 RIFLE CO-PRODUCTION	10.0	28.0	29.0	11.0	
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3-D RADAR	8.0	8.2			
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ARMORED CARS	4.0	8.0	4.0	4.0	
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TOTAL FMSCR REQUIREMENTS	28.8	98.7	69.6	34.5	15.5
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FMSCR AVAILABLE/PROJECTED	55.9(N)	40.0	40.0	40.0	40.0
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ADDITIONAL FMSCR REQUIRED	0.0	31.6	29.6	0.0	0.0
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(N) INCLUDES 15.9 FROM FY 1977 LOAN AGREEMENT

3. WE HAVE SEVERAL IMPRESSIONS FROM THE DSAA PROJECTIONS. SPECIFICALLY, (A) THERE IS HEAVY STRAIN IN FY 79 FROM PROSPECTIVE F-5 PAYMENTS, (B) HOW M-16 PLANT IS FINANCED IS A KEY FACTOR, AND (C) IN FY 81 AND 82, THERE WILL PROBABLY BE ADDITIONAL GOI REQUESTS WHICH WOULD IMPACT ON THOSE YEARS. RE F-5, WE HAVE ASKED DSAA TO SEE IF THE SCHEDULE FOR THE F-5'S CAN BE JUGGLED SO AS TO PUSH SOME OF THE FY 79 PAYMENTS OFF INTO FY 80 FOR BETTER BALANCE (ALTHOUGH PROJECTION FOR FY 80 ALSO SHOWS DEFICIT). M-16 PROJECT WOULD NOT APPEAR TO REQUIRE DOD LOGISTIC TRAIN AND OTHER ONGOING SUPPORT AS WEAPONS SYSTEMS WOULD. FURTHERMORE, IF OVERHAUL OF A-4'S FINANCED COMMERCIALY RATHER THAN WITH FMS CREDIT AND ON ASSUMPTION INDONESIA RETAINS FULL \$40 MILLION FROM FY 79 ALLOCATION, GOI WOULD HAVE \$70 MILLION IN CREDIT AVAILABLE TO MEET FY 79 PAYMENTS WHICH COULD BE APPORTIONED AMONG VARIOUS PROGRAMS.

WITH CURRENTLY SCHEDULED PAYMENTS FOR F-5 TOTALLING \$63.8 MILLION, THERE WOULD BE SOMETHING TO APPLY ELSEWHERE, ALBEIT NOT MUCH.

4. ON RELATED BUT IMPORTANT MATTER, WE ASSUME EMBASSY/DLG ARE IN APPROPRIATE MANNER ASSURING THAT GOI CLEARLY UNDERSTANDS THAT FOREIGN SALES OF ANY M-16'S PRODUCED UNDER CO-PRODUCTION AGREEMENT WOULD BE PROHIBITED. VANCE

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